

Message Text

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44

ACTION EUR-25

INFO OCT-01 ARA-16 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-03 H-03 INR-11 INT-08 L-03

LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03

SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03

FEAE-00 OMB-01 SWF-02 DRC-01 /211 W
----- 041020

R 301703Z JUL 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7300

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY KINGSTON

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E.O. 11652: N/A

TAGS: ETRD, EEC, XA, XL, XP

SUBJECT: EC-ACP NEGOTIATIONS--KINGSTON MINISTERIAL WRAP-UP

REF: A) EC BRUSSELS 5438

B) EC BRUSSELS 5600

C) EC BRUSSELS 5569

1. SUMMARY: MISSION CONTACTS IN BRUSSELS HAVE

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CHARACTERIZED THE KINGSTON MINISTERIAL AS AN "OVERALL

SUCCESS" AND AS HAVING PROVIDED THE BASIS FOR THE NEXT AND FINAL STAGE IN THE EC/ACP NEGOTIATIONS, WHICH THE EC HOPES TO CONCLUDE IN NOVEMBER. THE CONFERENCE PRODUCED GENERAL AGREEMENT ON MAJOR ELEMENTS OF A TRADE REGIME, A SYSTEM OF EXPORT STABILIZATION OF ACP EXPORT EARNINGS, AND A SYSTEM OF INDUSTRIAL COOPERATION. ON SEVERAL OF THESE POINTS THE CONFERENCE ADOPTED RESOLUTIONS. A CONSIDERABLE GAP REMAINS BETWEEN THE TWO SIDES WITH RESPECT TO THE AMOUNT OF FINANCIAL ASSISTANCE TO BE EXTENDED BY THE EC TO THE ACP COUNTRIES. END SUMMARY.

2. A MISSION SOURCE IN THE EC COMMISSION, AND A UK PERM DEL CONTACT WHO PARTICIPATED IN THE CONFERENCE, HAVE PROVIDED US WITH INFORMATION CONCERNING THE EC-ACP MINISTERIAL HELD IN KINGSTON JULY 25-26. OUR CONTACTS AND PRESS REPORTS HERE HAVE CHARACTERIZED THE CONFERENCE AS A "GENERAL SUCCESS" IN TERMS OF MAINTAINING THE RHYTHM OF THE NEGOTIATIONS. THE EC AND THE ACPs RESTATED THEIR INTENTION TO COME TO AGREEMENT THIS FALL ON THE REMAINING ISSUES AND IT IS APPARENT THAT BOTH SIDES BELIEVE THE POLITICAL WILL IS PRESENT TO SEE THE NEGOTIATIONS THROUGH TO A SUCCESSFUL CONCLUSION.

3. SPECIFIC ITEMS ON THE AGENDA WERE TREATED AS FOLLOWS:

A. TRADE REGIME: THE CONFERENCE DID NOT PRODUCE A SPECIFIC RESOLUTION CONCERNING THE RECIPROCITY ITEM. INSTEAD THE FINAL COMMUNIQUE CONTAINED THE FOLLOWING LANGUAGE: QUOTE AS REGARDS TRADE ARRANGEMENTS, THE PARTICIPANTS RECOGNIZED THAT THE KEYNOTE SHOULD BE STABILITY AND RECOGNITION OF THE FACT THAT THE DEVELOPING COUNTRIES ARE IN AN UNEQUAL POSITION VIS-A-VIS THEIR PARTNERS. THE MAIN FEATURE OF THESE ARRANGEMENTS WILL BE FREE ACCESS FOR THE ACP STATES TO THE COMMUNITY MARKET, NO CORRESPONDING COMMITMENTS BEING REQUIRED OF THE ACP STATES. END QUOTE. RESOLUTIONS WERE ADOPTED

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HOWEVER, COVERING THE THREE POINTS--RULES OF ORIGIN, NON-TARIFF BARRIERS, AND AGRICULTURAL AND PROCESSED PRODUCTS.

1. FOR RULES OF ORIGIN THE RESOLUTION STATES THAT QUOTE THE COMMUNITY RECOGNIZES THAT RULES OF ORIGIN CAN CREATE DIFFICULTIES FOR THE FREE ACCESS OF THE PRODUCTS OF ACP COUNTRIES TO THE MARKET END QUOTE. THE RESOLUTION GOES ON TO NOTE THAT THE ACP COUNTRIES HAVE ASKED FOR

LIBERAL RULES OF ORIGIN, E.G. A PRODUCT MIGHT BE
HELD TO ORIGINATE IN AN ACP EXPORTING COUNTRY IF VALUE
ADDED THERE WERE 25 PERCENT OF TOTAL VALUE.

2. FOR NON-TARIFF BARRIERS THE RESOLUTION STATES THAT
QUOTE THE ACP COUNTRIES REAFFIRM THAT NTBS CONSTITUTE A
HINDRANCE TO THE ACCESS OF THEIR PRODUCTS TO THE COMMUNITY
MARKET. UNQUOTE. THE EC, FOR ITS PART, NOTES THAT MANY
HEALTH AND ADMINISTRATIVE PROVISIONS REPRESENT A RESTRICTION
OF FREE ACCESS, BUT THAT SUCH REGULATIONS QUOTE BY
VIRTUE OF THEIR BASIS, APPLY ERGA OMNES, AND THAT IT WOULD
THEREFORE BE VERY DIFFICULT TO DEROGATE FROM THEM. UNQUOTE.
THE RESOLUTION PROVIDES FOR A CONSULTATION PROCEDURE
WITHIN THE ASSOCIATION TO DEAL WITH SUCH DIFFICULTIES.

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3. AGRICULTURAL AND PROCESSED PRODUCTS. THE TEXT OF THE RESOLUTION COVERING ARRANGEMENTS FOR IMPORTS OF AGRICULTURAL AND PROCESSED PRODUCTS INTO THE COMMUNITY IS AS FOLLOWS: QUOTE. WHILE THEY RECOGNIZE THAT THE COMMUNITY OFFER IS AN IMPROVEMENT ON THE EXISTING SITUATION, THE ACP COUNTRIES CONSIDER THAT FURTHER IMPROVEMENTS ARE NECESSARY, IN PARTICULAR:

-- IN THE CASE OF PRODUCTS EXPORTED BY COUNTRIES WHICH LIMITED OFFICIAL USE

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PREVIOUSLY ENJOYED SPECIAL CONDITIONS OF ACCESS TO THE UNITED KINGDOM MARKET, WHICH REPRESENT A LARGE PART OF THE EXPORTS OF THE COUNTRIES IN QUESTION;

-- IN THE CASE OF PRODUCTS FOR WHICH THERE WOULD BE REAL POSSIBILITIES FOR EXPORT TO THE COMMUNITY DURING THE PERIOD IN WHICH THE FUTURE CONVENTION WILL APPLY.

THE COMMUNITY HAS NOTED THIS REQUEST FOR IMPROVEMENT AND IS PREPARED TO EXAMINE IT WITH THE ACP COUNTRIES DURING THE NEGOTIATIONS. UNQUOTE.

B. SYSTEM OF EXPORT STABILIZATION. AGREEMENT WAS REACHED TO REMOVE THE PROBLEM OF SUGAR FROM THE GENERAL DISCUSSION OF A SCHEME FOR EXPORT EARNINGS STABILIZATION (SEE REFTEL B). THE EC ACCEPTED THE UNILATERAL UK COMMITMENT OF 1.4 MILLION TONS AS ONE OF THE FACTORS WHICH MUST BE TAKEN INTO ACCOUNT IN CONCLUDING THE AGREEMENT. THE COMMUNIQUE CONTAINS GENERAL LANGUAGE ON THE SUBJECT: QUOTE. THE PRACTICAL ARRANGEMENTS FOR APPLYING THIS SYSTEM WILL NOW BE NEGOTIATED BETWEEN THE ACP STATES AND THE COMMUNITY, WHILE THE COMMISSION WILL IMMEDIATELY BEGIN TALKS WITH THE RELEVANT PRODUCER COUNTRIES ON THE VARIOUS PRODUCTS, IN PARTICULAR SUGAR WHICH, IT WAS ACKNOWLEDGED, HAS ALWAYS BEEN A PROBLEM OF PARTICULAR IMPORTANCE. END QUOTE. THE RESOLUTION ON THE STABILIZATION SCHEME PROVIDES FOR A PRODUCT LIST TO BE DRAWN UP BY AGREEMENT AMONG THE NEGOTIATORS, WHICH WILL CONTAIN VARIOUS ELIGIBILITY CRITERIA, AND A PROVISION FOR ANNUAL REVIEW. DETAILS AND CONDITIONS FOR IMPLEMENTATION OF THE SCHEME ARE TO BE DISCUSSED WITHIN THE FRAMEWORK OF THE PRESENT NEGOTIATIONS.

C. INDUSTRIAL COOPERATION. THE CONFERENCE ALSO PRODUCED

A RESOLUTION PROVIDING GUIDELINES RELATING TO INDUSTRIAL COOPERATION BETWEEN ACP STATES AND THE EC. IT CALLS FOR A SPECIAL CHAPTER OF THE AGREEMENT TO BE DEVOTED TO THIS SUBJECT. THE EC ALSO CONFIRMS ITS AGREEMENT ON THE GENERAL AIM OF THE MEMORANDUM ON INDUSTRIAL COOPERATION PRESENTED BY THE ACPS. THIS SUBJECT WILL ALSO BE FLESHED OUT WHEN NEGOTIATIONS RESUME THIS FALL.
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D. FINANCIAL ASSISTANCE (SEE REFTTEL C). THE CLEAREST LACK OF AGREEMENT CONCERNED THE AMOUNT OF THE PROPOSED FINANCIAL ASSISTANCE PACKAGE. THE ACP PROPOSAL OF 8 BILLION UA IS CONSIDERED A QUOTE RIDICULOUS UNQUOTE FIGURE IN BRUSSELS. OUR CONTACTS DOWNPLAY THE PROBLEM AS MERELY PART OF THE CONTINUING EFFORT BY THE ACPS TO HAVE THE REPORTED EC OFFER OF 3 BILLION UA RAISED TO SOMETHING ON THE ORDER OF 3.5 BILLION UA.

4. COMPLETE TEXTS OF THE FINAL COMMUNIQUE AND RESOLUTIONS BEING POUCHED TO EUR/RPE.GREENWALD

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